Exhibit 2B Reserve Study

1. Provide a general description of the actuarial methodologies used to determine and monitor carried loss and loss adjustment expense reserves for the medical malpractice business written, including frequency of reviews.

2. Discuss the adequacy of medical malpractice loss and loss adjustment expense reserves as of the most recent year-end and identify and describe any material changes in hte past five years in amounts of carried reserves and in reserving methods. If a material unfavorable trend exists, indicate what actions were taken to address the issue. Identify the materiality standard used to respond to this question and provide the basis for this standard.

3. Compare company trends to industry trends with regards to the medical malpractice line of business and include information about the specific business written by the company and, if necessary, reasons why company trends are different from the industry.

Case reserves are established when claims are reported based on the specific underlying characteristics of the claims. These case reserves are increased or decreased as additional facts become known so that the ultimate exposure is reserved on a case basis as soon as possible.

Payment patterns and case reserve development patterns are both utilized in establishing ultimate reserve needs. The Company also utilizes frequency/severity projections as well as paid and reported Bornhuetter-Ferguson actuarial techniques. All of these methodologies are developed on a state-by-state basis and then rolled up for the countrywide analysis.

Initial loss picks are established based on rate filing assumptions. Subsequent revisions to the loss picks are a result of the above-described actuarial analyses. The Company conducts an internal actuarial analysis on a quarterly basis. Independent actuarial reviews are done on an interim basis as of September 30th and annually at December 31st.

Exhibit 2a Surplus

1. Provide a general discussion regarding the adequacy of surplus reported on Annual Statement, page 3, line 35, Surplus as regards policyholders, as of last year-end.

2. Identify and describe any material events or known material trends, favorable or unfavorable, in the insurer's surplus account in the past five years. This description should include any significant changes in the surplus ratios shown on exhibit A. If a material unfavorable trend exists, indicate the courses of remedial actions already taken or that are available to the insurer and the effects or potential effects of each. Identify the materiality standard used to respond to this item and provide the basis for this standard.

This is the Company's first possible development year, and the 2008 actuarial analysis confirmed the 2007 reserves. Given the relative young age of the Illinois business, the Company made no adjustment to the initial loss picks. Consequently, no adverse or redundant development was recorded in 2008.

Company Defined Items

1. For all reports required "by county" information, the company may group the data by policy issuing county or other method that is consistent with its ratemaking practices. The company must identify which method is used. The company must use a consistent method to group the data in all "by county" reports. Data grouped by territory is unacceptable. Describe any changes made to the way in which the data has been grouped during the past ten years and the impact of the change(s) on the reports.

2. Describe any change(s) made to reserving or claim payment practices in the past ten years and the impact of the change(s) on the reports.

3. Define closed claim, i.e., is a claim closed when it is assigned a closed date, or when both indemnity plus expense reserves are $0, or in some other instance? Describe any change(s) made to this definition in the past ten years and the impact of the change(s) on the reports.

4. Explain/define the corporate policies written by the company.

5. Each company shall use the base class and territory that is consistent with its most recent rate filing. Please define your company's base class and territory. Describe any change(s) made to the base class and/or territory in the past ten years and the impact of the change(s) on the reports.

6. Describe any adjustment(s) made to exposures for extended reporting endorsements and the impact of the adjustment(s) on the reports.
No changes have been made.

7. For the maturity year and tail factors disclosure, list each tail factor with the corresponding maturity year if a different tail factor is used for each maturity year. If another method is used, list and describe factors and method used.
4th year=2.00

8. Define what expenses are included in the expense factor.

9. List and define individually any "other" factors used in the rate filing to establish rates. This could include but is not limited to the following: profit load, reinsurance load, investment income, schedule debits/credits, etc.

10. Describe any methods and/or assumptions used in creating Reserve Study Exhibit A and why these assumptions are necessary.

In Illinois, all business is written with $1 million / $3 million limits, and the majority (60%) is written in Cook county. The data reported is by county. There have been no changes to the way the data is grouped. The Company has made no adjustment to reserves. We consider a claim closed when a closed date is assigned to it. Our base class is family medicine no surgery, class 3. Our base territory is territory 1. There have been no changes. Corporate policies are policies issued to cover acts and omissions for a doctor who works at, owns, and/or operates a business entity and desires coverage for that entity. The tail factors are as follows: 1st yr, 3.30, 2nd yr, 3.15, 3rd Yr, 2.40, 4th Yr, 2.00. Expenses listed in the expense factor are Commission, General expense, taxes, licenses, and fees . The Company only writes physicians and physician assistants; it does not write hospitals or other health care facilities. About 90% of all business is considered small practices with three or fewer doctors. Approximately 60% of the Illinois business is comprised of non-invasive specialties accounting for approximately 35% of the premium. Overall, the Company is experiencing the same reduction in claims frequency as the industry.

Richard J. Roth, Jr.
Consulting Casualty Actuary

Fellow, Casualty Actuarial Society
Fellow, Conference of Consulting Actuaries

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May 13, 2008

Mr. Michael T. McRaith, Director
Illinois Division of Insurance
320 West Washington Street
Springfield, IL 62767

Re: Rate filing for Medicus Insurance Company (medical malpractice) – Minor Rate and Rule Changes

Dear Director McRaith:

We are making this filing for Medicus Insurance Company, which comprises several rate and rule changes for Illinois medical malpractice insurance.

This is a summary of the proposed changes:

1. Ancillary rates: we are proposing reductions to our ancillary rates, which we have found to be outside the norm in the market. The rate impact will be only slightly more than 1%.

2. Per Patient Rating: we are replacing the rates for ER/urgent care with a more generic version (for which we have obtained approval in several other states) that is broader in scope. There is no rate impact.

3. We have incorporated our Experience Rating procedure in the Rate Manual. There is no rate impact, since we cannot determine when opportunities for the use of the experience rating model will arise. The intent of Experience Rating is to reflect better the actual loss experience in the future rates.

4. We are proposing a 50% schedule rating minimum/maximum in replacement of our current 25% model, in accordance with the majority of the Illinois carriers. There is no rate impact, since we cannot determine the actual usage of this rule. The overall debits and credits could balance out. For very large groups, this change could result in more realistic and proper rating.

5. We have incorporated a pro-rata approach on tail calculations of 1st year policies that

cancel. There is no estimated rate impact, since we cannot determine if or when such policies will request cancellation and tail quotes.

6. We are changing our minimum premium from $1250 to $500 to be consistent with other states. This is an unknown, but small overall rate reduction.

7. Claims made step factors have been lengthened from 4 to 5 years and adjusted slightly to be consistent with market carriers. The overall rate impact is $0.

These changes are minor, and I believe that these proposed changes will not result in rates that are excessive, inadequate or unfairly discriminatory.

Sincerely,

Richard J. Roth Jr.

Richard J. Roth Jr.
Bickerstaff, Whatley, Ryan & Burkhalter